



JUDY CHU, Ph.D.

VICE CHAIR • CA STATE BOARD OF EQUALIZATION
The Nation's Only Elected Statewide Constitutional Tax Authority
Fourth District — Los Angeles

e-NEWSLETTER

Serving over 8.5 million people and 73 cities in Los Angeles County



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Dear Friend:

Welcome to my E-Newsletter! I am pleased to share updates with you on some of my work in Sacramento and in the Fourth District throughout Los Angeles County.

Please visit my [website](#) for more information about upcoming events, important news relating to the Board of Equalization, and to view my photo gallery. As always, please do not hesitate to contact me at Judy.Chu@boe.ca.gov if I can be of assistance to you.

Sincerely,

JUDY CHU, Ph.D.

Vice Chair, California State Board of Equalization

PICTURE OF THE MONTH



June 7 (Los Angeles): Vice Chair Judy Chu presents resolution to Cynthia Amador, President/CEO of CHARO Community Development Corporation during opening ceremonies of CHARO's 3rd Annual Small Business Expo.

SAVE THE DATE JUDY CHU'S OFFICIAL OPEN HOUSE

Come join Vice Chair Judy Chu as she officially celebrates the opening of the new Fourth District Headquarters with the community. Attendees will have the opportunity to tour the new office, obtain information about Board of Equalization services, and speak with Vice Chair Chu and her District Office staff. Refreshments will be served.

Saturday, August 18, 2007

2:00PM – 5:00PM

Fourth District Headquarters - Monterey Park Office

1100 Corporate Center Drive, Suite 203

Monterey Park, CA 91754

CHU SPEAKS OUT IN SUPPORT OF RED CROSS WORKERS, HELPS END IMPASSE

In March 2007, Southern California American Red Cross employees were in negotiations with management for a new contract that would ensure blood donor safety, respect on the job and improved working conditions. An agreement could not be reached and the employees participated in a four day strike during the month of May. Vice Chair Chu was active in advocating for the hard working nurses, LVNs and medical assistants who were represented by SEIU 721, and spoke with the Board of Directors and the Human Resources Director at the American Red Cross about their concerns. Chu's involvement helped bring management back to the bargaining table which resulted in a new contract for the Red Cross workers that include provisions improving blood donor safety, annual raises for workers, and enhanced working conditions for the betterment of the community.

VICE CHAIR CHU HOSTS SUCCESSFUL SMALL BUSINESS SEMINAR IN EAST L.A.

On June 15, 2007, Vice Chair Judy Chu along with Senate Majority Leader Gloria Romero hosted a free seminar for small business owners in the East Los Angeles and surrounding areas at the Chicana Service Action Center.

"Small businesses are the backbone of California's economy," stated Chu. "It is important that we encourage entrepreneurship and provide businesses with the resources they need and deserve. This seminar will provide small business owners with the knowledge and tools necessary to continue working to build a strong and healthy financial future for our state."

Representatives from the Board of Equalization, Employment Development Department, Internal Revenue Service and the Los Angeles County Bad Check Restitution Program gave presentations on sales and use tax compliance issues, recordkeeping, business expenses, payroll reporting requirements and recovering restitution

on bad checks. Attendees were able to have their questions about tax laws and regulations answered by the experts. Because of the overwhelming response and strong level of interest in the event, Vice Chair Chu will be hosting additional seminars in the upcoming months throughout Los Angeles County. Stay tuned for additional dates to be announced.



(From left to right): Teresa Boole from the L.A. County Bad Check Restitution Program, Jose Navarro from the Norwalk BOE District Office, BOE Vice Chair Judy Chu, Jimmy Wong from EDD, and Derek Ganter from IRS at the Small Business Seminar in East Los Angeles.

VICE CHAIR ADDRESSES ARMENIAN AMERICAN CHAMBER OF COMMERCE

On June 11, 2007, Vice Chair Judy Chu was the featured guest of the Armenian American Chamber Commerce Breakfast in Glendale. Chu's speech, "Small Businesses: The Backbone of California's Future," emphasized a partnership between the Board of Equalization and small businesses to help strengthen the state's economy.



BOARD OF EQUALIZATION EXPOSES LARGEST SALES AND USE TAX VIOLATORS

As a result of last year's Assembly Bill 1418, the Board of Equalization is required to post on the BOE website every quarter, a list of the top 250 delinquent sales and use tax violators who owe \$100,000 or more to the State of California. In April 2007, the names of the 227 largest debtors, owing a total of \$219 million, were listed. The debtors were first notified by the BOE that their delinquent status would be made public and were given a chance to respond. The only way taxpayers can have their information removed from the website is by paying the amounts in full or agreeing to make payments to the BOE.

This method of motivating taxpayers to pay their outstanding taxes has already produced some results. After being contacted by the BOE about the impending list, one taxpayer immediately paid \$300,000. In addition, two other taxpayers agreed to make payment plans that together will bring over \$1.5 million to the state.

To view the list, click here:

<http://www.boe.ca.gov/cgi-bin/deliq.cgi>

CHU RECEIVES LEADERSHIP AWARD FOR FIGHTING ALCOPOPS

On June 27, 2007, Vice Chair Chu was invited to address the membership of the East Los Angeles Chamber of Commerce. In addition, Vice Chair Chu was recognized for her courage and current work at the BOE on educating the public on the dangers of Alcopops in the teenage community. Immediately after her speech, teenagers and staff from SPIRITT Family Services including Executive Director Irene Redondo-Churchward, presented Chu with the Leadership Award from the organization. SPIRITT is a non-profit organization that has provided family services including drug and alcohol abuse programs throughout Los Angeles County since 1972.

Alcopops are strong, sweet-tasting alcoholic beverages that appeal mainly to young people especially since they are made to closely resemble soda or energy drinks. Currently, there is a loophole in the law that allows the alcohol industry to call these drinks "flavored malt beverages" so that they can be taxed at the relatively lower beer rate, making the beverages less expensive to purchase and more easily accessible to young people. Teenagers know them as "cheerleader beer" and "girlie beer" because of their popularity with underage girls. Underage drinking costs Californians \$7.5 billion a year through alcohol-related violence, trauma, high-risk sex, crime and other health and safety problems.

Youth groups such as Friday Night Live and the Girls Scouts are advocating strongly to have the Board of Equalization reclassify Alcopops as distilled spirits instead of beer. Vice Chair Chu has voted to consider the reclassification. The decision on the taxation of Alcopops will be made during the Board Hearing scheduled for August 14 in Sacramento.

VICE CHAIR TO HOST DOMESTIC PARTNERS TAX SEMINAR ON AUGUST 2



California State Board of Equalization Vice Chair Judy Chu



Assembly Member Ted Lieu, 53rd District

Los Angeles City Councilmember Bill Rosendahl, 11th District



In partnership with
Equality California

cordially invite you to attend a

DOMESTIC PARTNERS FREE TAX SEMINAR

**** Thursday, Aug. 2, 2007 ****

Registration 6:30 p.m. • Program 7:00 - 8:30 p.m.
Santa Monica College Bundy Campus Community Room
3171 S. Bundy Drive, Mar Vista CA 90066



*** This workshop is open to all and for those considering becoming domestic partners**

Topics Include:

- New income tax filing requirements for domestic partners
- Introduction to Proposition 13 and property taxes in California
- Becoming a "registered domestic partner" and community property
- Estate planning techniques for domestic partners
- Appealing an increased assessment
- Property tax assistance for low-income persons

To RSVP or for more information, please call (323) 980-1221
or e-mail pearl.fu@boe.ca.gov

BOARD HEARING UPDATE

Board Member Chu Acts to Protect Local Sales and Use Taxes

On a motion from Vice Chair Chu, the Board acted to keep intact the current approach to allocating the local sales tax. The action resulted in rejecting a petition to amend a sales and use tax allocation Rule 1803 in a manner that could have severely undercut local tax revenues for many communities up and down the state. The local tax typically goes to local taxing jurisdictions that are the place of businesses that are involved in the sales transaction. At issue was a proposal to make it easier for businesses to set up “shell” companies that could be used to siphon tax dollars away from the local governments to benefit private businesses through the use of so-called “tax sharing” agreements. Under the Vice Chair’s leadership, this proposal was soundly defeated.

Chu Speaks Out on Tax Gap

The Board of Equalization’s ongoing efforts to collect taxes that are due was a topic of discussion at the last Board meeting. At issue was the BOE’s ability to exchange information with other state tax agencies and other state departments so that all the tax legally owed by taxpayers is actually collected. In her comments on a proposed study designed to improve information exchange and tax compliance, the Vice Chair stressed the importance of reducing the multibillion dollar tax gap to ensure public dollars are available for schools, health care, transportation and other vital public services. She requested that staff integrate the information exchange effort closely with the agency’s multi-pronged tax gap effort.

Board Member Chu Moves to Clarify the Use Tax Collection Duty

On a motion from Vice Chair Chu, the Board acted to illuminate those circumstances under which a retailer will be responsible for the collection and remittance of use tax. Use tax is a complement to the sales tax, and is imposed on tangible personal property purchased out-of-state for the use, storage or consumption of goods in California. Retailers who have (1) a California location, (2) a California representative, or (3) applied for and hold a seller’s permit have the requisite duty to collect the applicable use tax from their customers and remit those taxes to the Board. In recognition of the need for additional guidance, Vice Chair Chu again takes the lead in eliminating uncertainty for California retailers and their use tax collection duties to the State.

Please contact one of my offices should you feel you need assistance, information on Board of Equalization services, or would like to make a comment.

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If you would like to be removed from my email contact list, please email me at Judy.Chu@boe.ca.gov.